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HUMAN EVENTS

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Wednesday, May 20, 1959

Washington, D. C.
SILVER FALLS, WISCONSIN

News Section

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Heroism and Pathos: The following stories, unreported by the press, but vouched for by informed sources, project two human and pitiful scenes—one inspiring, the other very saddening.

(1) John Foster Dulles, wracked by severe pain from his mortal illness, nevertheless has so far refused to take sedatives. Reason: he wishes to maintain a clear brain to analyze the diplomatic developments in Geneva and elsewhere on the long Red line of world-wide Communist aggression. This heroic, self-imposed martyrdom springs from a dedicated resolution to offer as much valuable advice to President Eisenhower as possible, for as long as his physical strength can bear it.

(2) President Eisenhower and Sir Winston Churchill, attended by White House Secretary Hagerty, visited former Secretary of State George C. Marshall at Walter Reed Hospital in Washington. The old general has been hospitalized after two strokes. When the visitors entered Marshall's room, the general looked at them blankly and murmured to his wife: "Who are all these people?"

Division in Democracy: Great gulfs widen among the various parts of the Democratic party, particularly among the "liberal" hopefuls who aspire to win the Presidential nomination in 1960. The Big Five—Kennedy, Humphrey, Stevenson, Symington and Lyndon Johnson—scramble with each other in a veritable cat's cradle of confusion.

GOP legislators on Capitol Hill—taunted by Democratic colleagues on the split between "regular Republicans" and "Moderns"—last week retorted with: "Now look at Kennedy and Humphrey." What they meant was the situation arising from the election of a new chairman of the Americans for Democratic Action (ADA), the socialistic group which wields great power within the Democratic party.

ADAers assembled in convention in Washington

elected Professor Samuel Beer of Harvard, a staunch "liberal," as their new chairman. Interviewed by reporters, Beer appeared as a long-time friend of Senator John F. Kennedy, as a helper in getting him elected to the Senate and a supporter of his Vice Presidential bid in 1956. Asked whether he considered Kennedy a "liberal," the new chairman replied in the affirmative. In the eyes of politicians, this puts the head of the ADA firmly in Kennedy's corner for the nomination.

Here's where the complications start: (1) Beer's election serves to dilute the growing strength of Senator Hubert Humphrey in the nomination race (Humphrey is supposed to have the support of labor boss Walter Reuther and many "liberals" in the party). The new chairman's fondness for Kennedy—it is said—definitely represents a check on Humphrey growth.

(2) Beer's close support of Kennedy also hurts Kennedy among old-line Democrats, especially in the North. In many areas, an ADA recommendation is feared as a kiss of death. It is recalled that Democratic Governor Foster Furcolo of Massachusetts repudiated ADA support and virtually read the organization out of the party. Democratic Governor Abraham Ribicoff also regards the socialistic organization adversely. As for the old-line machine bosses like Carmine De Sapio, they are violent in denunciation of the ADA.

Last week, Democratic Bronx political boss Buckley, at a \$100 a plate dinner in New York, virtually read every "liberal" Democrat out of the party, while De Sapio sat by nodding approvingly. Thus Mrs. Roosevelt, Thomas K. Finletter and other ADAers are officially anathema to the boys in the back room.

Kennedy's problems increase, for other Catholic figures emerge on the Democratic scene. Obviously, the party would not nominate two Catholics to head the ticket. Therefore, the rising stars of Catholic Governor Pat Brown in California and Catholic Governor Michael DiSalle in Ohio (both sending huge delegations to the convention) worry the Kennedy campaign directors.

The Texas Legislature has now endorsed Lyndon Johnson for the Democratic Presidential nomination—but not without a great deal of controversy and opposition within the Democratic ranks. Johnson is not as popular in his home state as is supposed. The conservative wing of the party in Texas—whose leader was Governor Allan Shivers—shows no enthusiasm for Lyndon.

Thus "fragmentation" (the term applied by political scientists) within the Democratic party proceeds apace and intensifies. Regular Republicans on Capitol Hill, viewing morosely their recent political reverses, take hope from this trend.

Rockefeller: In the wake of Walter Reuther's endorsement of Nelson Rockefeller as a "good Democrat" (see HUMAN EVENTS for May 6, 1959) come some equally significant words of friendship for the New York Governor.

At its annual convention in Washington this week, the far-left Americans for Democratic Action fretted over the possibility that the GOP in 1960 might nominate Nixon, instead of "the more attractive Governor Rockefeller." ADA Vice Chairman Joseph L. Rauh told the assembled faithful that a record of "inaction" by the Democratic 86th Congress would strengthen the Republicans, and encourage them to nominate Nixon, "the man they really want."

As for ADA's own preference: Rauh told questioners that an open ADA endorsement for Rockefeller was not out of the question, in view of Rockefeller's standing as a "liberal."

Curbing the Court: The Old Coalition of Republicans and conservative Democrats expressed great elation this past week over a promising victory. For last year's bill to curb the leftward plunging Supreme Court—HR 3, sponsored by Representative Howard Smith (D.-Va.)—won endorsement by the House Judiciary Committee and will soon be acted upon on the floor of the House. This bill, designed to preserve state juridical powers against the doctrine of Federal "pre-emption" laid down by the Earl Warren Court, goes far to meet the widespread public feeling that the present Court has played hob with security against the Communists. The Smith legislation could—it is felt—repair much of the damage done by the High Court's disastrous *Nelson* decision, which overturned the anti-sedition laws of 42 states.

The Old Coalition in the Judiciary Committee worked well, winning by a 17 to 15 vote—nine Republicans and eight Southern Democrats joining forces to defeat 14 Northern—"liberal" Democrats and one Republican.

Elation by the conservatives sprang from the fact that, early in the session, committee approval of the bill was not expected. But sharply rising sentiment against Supreme Court policy has obviously swayed many members in the meantime.

Representative William M. Tuck (D.-Va.), a staunch conservative and prominent member of the Judiciary Committee, says that the "curb the Court" bill will be acted upon by the full House "at an early date," and that "prospects are very bright for passage."

Senator James O. Eastland (D.-Miss.), Chairman of the Senate Judiciary Committee, will push the bill in the upper chamber. If the bill gallops through the House, the effect on the Senate will be auspicious. Meanwhile, advocates of Court reform energetically urge people throughout the country to put pressure on their Representatives and Senators to make the "curb the Court" bill "the law of the land."

Behind the Strauss Affair: Not only the harassment of Secretary of Commerce designate Lewis Strauss, but also the blocking of Mrs. Clare Boothe Luce as Ambassador, reveals a disturbing pattern, according to thoughtful observers in the Capital. It is, of course, partisan politics, or, as former Speaker Joe Martin put it: "opposition without conscience or responsibility." But it transcends party labels, for among the Democrats there appear divergencies—old-line Democrats "playing fair," left-wing Democrats engaging in fantastic "smearing sprees."

Ironically, the "liberals" have left themselves highly vulnerable in view of their stand in recent political history. It was the "liberal" contingent which evolved the novel theory that Senator Joe McCarthy (some five years ago) was guilty of a grave constitutional crime—of leading the Legislative branch in an invasion of the rights and prerogatives of the Executive branch. "Liberals," notably the Truman-Acheson hold-overs in the State Department and their lickspittles in the press, made a great to-do about this alleged violation of the balance of powers in the Government. In part as a result of such a campaign, the late Senator from Wisconsin—in his efforts to guard the security of the United States and to root out Communists in Government—was unfairly pictured as a destroyer of the work of the Founding Fathers.

Today, the "liberals" cut a clear image of a Legislative branch dictating Executive appointments. They depart from the traditional course, which was to pass Executive appointments (particularly to the Cabinet), except in clear cases of discreditable conduct or corruption. They even fabricate a preposterous charge that, in another case (naming Ogden Reid to become Ambassador to Israel), the Administration is helping Reid to become Governor of New York. (GOP politicians, who regard Reid politically as "a small potato," scoff at any chance of Reid's even being in the running for the Governorship.)

"What's behind all this?" ask many indignant and puzzled people in the country. The answer comes from old hands on Capitol Hill. In the cases of Mrs. Luce and Reid, the real motivator was not Wayne Morse but Senator Fulbright, anxious to swell his power and prestige as chairman of the Foreign Relations Committee. He reportedly wants to sift diplomatic appointments so that only "liberally" inclined appointees will get confirmed, and to promote and push forward to key positions career men still under the influence of the old Acheson-Truman appeasement element. "Empire building," in short. (Fulbright is known as a great friend of Justice Felix Frankfurter, another New Dealer; and the Arkansan never did publicly turn his back on Alger Hiss.)

In the case of Strauss, Senator Clinton Anderson of New Mexico is also empire building; a public power advocate, he has a long-standing gripe against Strauss, who has fought socialistic, public power moves. Anderson, once Secretary of Agriculture in Truman's Cabinet, like most former commissars, reportedly seeks to climb the ladder of national power again by playing the game of the public power lobby.

Fallout: When the "fallout" scare first broke, almost two years ago, HUMAN EVENTS was one of the few national publications that dug in to get the real facts about the issue, and to debunk the fearmongers attempting to stall America's nuclear testing program. Now the stand taken by this publication has been fully vindicated.

Last week, amid a welter of contradictory pronouncements in the press, a number of hard facts about fallout were ticked off by a panel of scientific experts. The General Advisory Committee to the Atomic Energy Commission released a fallout report which punctured the claims of fellow traveller Linus Pauling and his coterie. Among other findings, the GAC reported:

" . . . in order to place the hazard of the fallout in proper perspective, it should be pointed out that the amount of total body external radiation resulting from fallout to date, together with future fallout in any part of the world from previous weapon tests, is (1) less than five per cent as much as the average exposure to cosmic rays and other background radiation; (2) less than five per cent of the estimated average radiation exposure of the American public to X-rays for medical purposes."

The GAC also found that "human beings have lived for many generations in parts of the world which have five times or more the background radiation normal to the United States, or more than 100 times the average amount of radiation from fallout in the United States."

And: "The amount of strontium 90 which has been found in food and water is less of a hazard than the amount of radium normally present in public drinking water supply in certain places in the United States, and in public use for many decades."

California Story: The Golden State last week served as a backdrop for what may eventually become a *cause celebre* in the struggle for the "right to work." If so, according to California observers, it quite probably will be due to former Senator William F. Knowland. Since his retirement from the Senate, Knowland has become head of the *Oakland Tribune* and is turning that paper into a militant conservative organ. Naturally, the Senator, who last year sought to put through a "bill of rights" for individual union members and who supported "right to work" in the campaign, is putting major emphasis on the labor reform question in his publishing policy.

The case which now touches off these issues is that of three Los Angeles machinists who were expelled from the local lodge of the International Association of Machinists for supporting the "right to work" initiative measure in last fall's general election.

In that referendum, Big Business threw its weight against Knowland and Big Labor rallied immense forces of money and organization to defeat "right to work." With his indomitable courage, "Big Bill" continues to hammer away on these issues, writing editorials in his paper and speaking all over the state—with no little effect, according to correspondents in California. Now he headlines the case of the three machinists.

Having only limited means, the trio has nevertheless

courageously set out to fight its expulsion from the union. The Machinists union's bosses said the three were guilty of "supporting enemies of labor." The victims have appealed the case to the international union and now are planning to go into court to challenge what labor observers say is an unprecedented case of union boss tyranny. "This is the first time a union," says the *Oakland Tribune*, "has arbitrarily expelled members on the sole grounds they supported right-to-work legislation. In short, the union bosses say members cannot support legislation of which the bosses disapprove. This is a matter of personal political belief. That is the reason an essential individual right is directly involved in the case."

Knowland's editorial winds up with: "It is a sad day for freedom when someone can tell you what issues to support and for whom you should vote, using the club of economic coercion. The power to deprive a man of his union membership also takes away his means of livelihood, because under a union-shop contract the employer would be required to fire the three expelled men."

Washington observers, commenting on this development, hope that the case will be followed through to the Supreme Court, where that curious body of nine men (who profess to protect individual rights) will be on the spot. Also on a warm tin roof will be the American Civil Liberties Union, which so far has shown little interest in this kind of civil liberties.

Suicide at the Summit: As summit maneuverings got under way in Geneva last week, Congressman Craig Hosmer (R.-Calif.) came up with a timely reminder of Soviet treachery in international affairs, and of the futility of striking agreements with the rulers of the Kremlin.

Releasing a study which brings up to date the Kremlin's long record of smashed treaties, Hosmer warned against the impulse toward "peace at any price" that could turn the Geneva talkfest into another Munich. "In its 40-year history," Hosmer said, "the Soviet Union has executed over 2000 agreements with non-Communist governments. It is safe to say that those remaining unviolated by the Kremlin are only those which it has not yet appeared expedient to break."

In spite of this record, "increasing numbers of well-intentioned people are again emotionally urging us to repeat the tragic mistakes of the past. . . . On almost any terms the Soviets demand, they discuss agreements on Berlin, beginning 'disengagement,' banning atomic tests, disarmament, prevention of surprise attacks, East-West trade, extension of credits to the Soviet bloc. . . ."

What these coexistence advocates fail to realize, Hosmer pointed out, is that "the breach of solemn international agreements, or the commission of any other act of expediency which advances Communist conquest of capitalism, is 'peaceful and moral' by Communist doctrine."

The California conservative quotes the Senate Internal Security Subcommittee's evaluation of the Soviet treaty record: "You must be a liar, a cheat, and probably a spy before you can represent a Communist nation in international diplomacy. You must have no more regard for honor when you sign an agreement on behalf of your country than a forger does when he puts a name on a

check." Hosmer concludes with a six-page summary of the Soviet record, highlighting the most flagrant of its many violated agreements. (A table giving a number of these violations was printed in HUMAN EVENTS for February 24, 1958, as part of an article entitled "Suicide at the Summit.")

Labor Front: FBI chief J. Edgar Hoover last week pinpointed the latest move of US Communists: into the rail unions. Hoover's prognosis signals a new departure for these unions, which have been relatively free of the Red taint.

If the Reds do succeed in penetrating the railway brotherhoods, the result will be an ominous one for America. For the Hoover prediction coincides with frequent suggestions that Jimmy Hoffa's Teamsters will strike an alliance with Harry Bridges' International Longshoremen's Workers Union—which has repeatedly been identified as Red-dominated. If such a double envelopment is successful, Moscow could effectively strangle US transportation in the event of war.

● *Even members of the Steelworkers' Union must be scratching their heads over David McDonald's explanation of why they should have an additional paid, three months vacation every five years. The union boss called this plan a "pre-retirement training" program, intended to teach the workers how they should relax after their pension days arrive.*

Capitol Camera: An insight into the strange workings of the "liberal" mind came forth last week from a TV debate between left-wing Senator Joseph Clark (D.-Pa.) and conservative Senator Strom Thurmond (D.-S.C.). Thurmond warned that Federal control of education could lead to a dictatorship in this country. Clark—who advocates Federal aid to everything—replied: "Even if it were true, I would suggest the possibility that it would be the lesser of the evils of not giving our children a decent education [through Federal aid]." In other words, if the "liberals" either had to give up their Federal aid panaceas or else accept a dictatorship in America, they would take the dictatorship!

Cultural Exchanges: Americans who flocked to see the highly touted Bolshoi Ballet in New York last week were aiding the cause of world communism—that is the stark conclusion that emerges from a study of so-called "cultural exchanges" and the place they occupy in the Soviet plan for global conquest.

Repeatedly, knowledgeable anti-Communists have warned that "cultural exchange" programs serve two important purposes of the Kremlin: (1) they soften up US opinion, making Americans more amenable to Soviet talk of "peaceful coexistence"; (2) they function as convenient courier systems for the Red espionage apparatus.

For example: In its issue of June 23, 1958, HUMAN EVENTS reported some important revelations concerning Russia's Moiseyev Ballet, which preceded the Bolshoi troupe to this country. Questioned by the House Un-American Activities Committee, an American conductor working with the Russians refused to say if he were a Communist, or whether he attended meetings with the Russians which concerned matters "other than music."

The conductor's reticence was understandable, in view of these words from former FBI agent Matt Cvetic: "Every single delegate from Russia or a satellite country with whom I ever came in contact myself, while posing as a Communist for the FBI, was either a member of the Soviet secret police or the Soviet espionage apparatus."

Former British Secret Serviceman E. F. Cookridge confirms Cvetic's statement. "Every Soviet football team," he says, "every athlete competing at an international sport event, Soviet scientists attending a congress abroad, the Moscow Ballet performing in a Western capital or a group of Soviet artists at a film festival are invariably accompanied by special agents of the Soviet secret police."

Education: A favorite question among "liberals" on Capitol Hill is: "Can we get more money for education?" But in a recent edition of *Parade* magazine, an article by Roger A. Freeman, an expert on schools, asks: "Can we get more education for our money?"

Freeman, a HUMAN EVENTS contributor and former education consultant to President Eisenhower, reports a growing concern by homeowners over the size of their tax bills, of which assessments for schools are not a small part. Then he suggests areas in which the school tax dollar might be stretched to show a better return:

● *School organization.* "Experts have suggested that a school district needs a minimum of 1200 pupils to be run with reasonable efficiency. But less than ten per cent of all school districts enroll 1200 or more."

● *Class size and promotion policy.* "In 40 large city systems, the pupil-teacher ratio has dropped an average of 7.5 per cent . . . researchers have found no evidence that children learn more in small classes."

● *The all-year school.* "Sooner or later, ways must be found to employ teachers and buildings more than the usual 180 days a year."

● *School building costs.* ". . . school districts with limited bonding or taxing capacity should be careful not to engage in ambitious plans until they are certain they can meet their future classroom needs."

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The Anatomy of Surrender

A Fanciful Account of the Proceedings at the Summit

By FREDERIC NELSON

SINCE EVERY PROPHET is entitled to his opinion, I see no reason why one shouldn't frankly and openly fake the details of a session at the Summit, perhaps combining hopes that the affair will be a flop with fears that it may turn out to be, in the liberal's book, a "diplomatic triumph," with Nikita Khrushchev picking up the marbles.

Anyway, here goes for a bold, imaginative—and fanciful—account of an improbable morning at the Summit, same being a chateau, a villa, or a hunting lodge loaned for the occasion by some magnifico of the area, wherever it turns out to be. I am locating it at Hogwash, the country seat of a bemused tycoon. Those present: President Eisenhower, Prime Minister Macmillan, Khrushchev, Gen. De Gaulle, Chancellor Adenauer, plus military attaches, secretaries and assorted hat-holders.

PRIME MINISTER MACMILLAN: Has anybody a copy of the agenda?

PREMIER KHRUSHCHEV: *I thought we decided to forget the agenda and get to work at once on the final communique, announcing our complete accord on unification of Germany under a People's regime, with you fellows disengaged.*

PRESIDENT EISENHOWER: Now wait a minute! As I wrote to Mr. Bulganin last year—it seems more—we issued a communique in 1955 in which we agreed to certain things, including all-German elections, but when the foreign ministers met to work out the details "the accomplishments were zero." Those were my words at that time. And after all the talk about how the "Spirit of Geneva" was going to change everything, the final flop was pretty embarrassing to me personally. So, if it isn't keeping you fellows from anything pressing, I'd like to kick the thing around a little before we call in the reporters.

MACMILLAN: I am willing to associate myself with the feeling that we should discuss the problem a few hours before announcing that we have solved it. My difficulty is somewhat different from those of the others present. Mr. Eisenhower's problem is to appear to have yielded nothing to Soviet pressure. But I have to look more chicken than I really am!

If on returning to England, I am found to have got anything out of this conference for my own country, I shall have a very bad time indeed with my Socialist opponents. When I stop to think of the names Nye Bevin would call me if I came back with a small stretch of territory for England, or even my shirt, I need a cup of strong tea.

KHRUSHCHEV: Molotov, Zhukov and Malenkov all have the silliest ideas about what I should get out of this conference—or anyway when I should get it. But I can't see myself worrying about that enough to resort to tea. Where's that vodka, steward?

MACMILLAN: Be that as it may, I am sure that Her Majesty's Government—or at any rate Her Majesty's Opposition—expects us to get on with it. Does anyone call for the minutes of the last meeting?

EISENHOWER: I have here what we said at the end of our 1955 Summit meeting. We said: "The Heads of Government, recognizing their common responsibility for the settlement of the German question and the reunification of Germany, have agreed that the settlement of the German question and the reunification of Germany by means of free elections shall be carried out in conformity with the national interests of the German people and the interests of European security." Now that, I suggest—

KHRUSHCHEV: What a painfully long memory for trifles! That statement relieved a lot of tensions, didn't it?

EISENHOWER: I'm not so sure about that. Four years ago, the late Senator McCarthy's tensions—which were not easily relieved by anything—got worse after our return from Geneva. He made a speech in our Senate in which he said that the conference had "advanced the cause of tyranny and murder," and that the American people, basking in a sense of false security, had lost their will to oppose communism, and that it was all my fault because I had given the impression that the Soviet Union no longer intended to conquer the world.

And you, Mr. Dictator, haven't helped me get off the hook. That proposal for all-German elections was dead before we got back on our planes. Then there was Hungary, and American service planes shot down and their crews killed or held in jails! Now your Chinese stooges are exterminating Buddhist priests in Tibet.

KHRUSHCHEV: The all-German elections, I think, should be supervised by our security people, who have a wide experience in this branch of democratic living.

GEN. DE GAULLE: *Non! Here is one function which France can carry out to perfection. I won the election in France by singing the Marseillaise at political rallies. I am still in good voice and will gladly*

raise it in Deutschland Uber Alles, if that seems to the others likely to light the flame of patriotism and love for the West in the German people.

KHRUSHCHEV: "Love for the West"? No, our security officials can be relied on to preserve a spirit of neutrality. Furthermore, if our side should lose the election, you need never hear the result. Thus we would be spared the necessity of throwing any rockets westward. In the interest of peace and the relaxation of tensions, I urge you to accept my offer.

EISENHOWER: I don't know whether Harold will go along with this or not, but I say, as the little girl said in the cartoon, "It's spinach and to hell with it!"

KHRUSHCHEV: Yes, and if you hadn't been so sticky about inviting Mao Tse-tung here, you could learn a lot about how to tell friends from enemies. Just invite criticism—he called it letting a thousand flowers bloom; these Chinese are so picturesque about everything—and then slap the critics into jail. Now if you mean something like that for Germany—

EISENHOWER: Well, it wasn't exactly my thought. After all, I couldn't put McCarthy in jail although my more liberal friends think I ought to have tried. No, if the Germans vote you out of their country, you really ought to go, if only to make it easier for me to explain to Congress how devoted to democracy you are!

MACMILLAN: *It appears about time for Her Majesty's First Minister to find a formula to incorporate into one statement our endorsement of the right of the German people to decide their future by an election, while at the same time assuring to the Soviet Union the democratic right to observe the election through agents of its own choosing. I should think the details could be safely left to a drafting committee.*

EISENHOWER: Perhaps the drafting committee could be made aware of the need to make the communique flexible enough to suit Walter Lippmann, rigid enough to please Styles Bridges and opaque enough to suit Senator Fulbright—and thin enough to disappoint the revisionist historians who are sure to write pieces on The Hogwash Sell-Out or Humanity Betrayed.

CHANCELLOR ADENAUER: I think the communique could be also plain enough to indicate whether I am expected to hold the fort or take to my heels. In the Munich days, you English didn't give the anti-Hitler Czechs much time to leave town.

PRESIDENT EISENHOWER: I am sure we can get you into America under the quota or through special legislation if that is necessary—that is to say, if Nik here decides that our "firm stand" is a lot of baloney.

MACMILLAN: Oh, now, Ike, I don't think that's fair. After all, Nik will be signing that communique too!

KHRUSHCHEV: What's the difference what I sign? It's been a pleasure watching you imperialists bury each other. You write it; I'll sign it. But you'd better get those troops the hell out of Germany! And another thing, why is Nixon coming to Moscow—not just to show us around that ranch house, I don't think!

EISENHOWER: You had Stassen, and we thought you ought to get both sides.

MACMILLAN: I suggest that we get that drafting committee in here while anything remains to be drafted.

POSTSCRIPTS: The resulting communique was a masterpiece, reading in part:

"The Heads of States were in complete agreement on the undesirability of nuclear warfare as a means of settling disputes. They agreed that democratic controls should govern whatever elective procedures should be decided upon for Germany and that Allied troops remaining in that country should accept whatever restraints a democratically achieved civilian control should deem necessary for the promotion of democratic aims."

Commentator Walter Lippman commented: "The negotiation at Hogwash has achieved the *detente* in Allied policy that rational men have expected since illness removed Mr. Dulles from immediate responsibility for American policy in Europe. We have opened the door to further discussion of the need to accommodate Soviet needs in Western Europe while assurance is renewed that the next Soviet requirement will not be implemented by force, but only after negotiation as fruitful as that just completed. Men of good will everywhere will be grateful for the courageous retreat which has followed our latest 'agonizing reappraisal' of the futility of force in the solution of international problems."

But on page one of the newspapers the headlines read:

AS SUMMIT EASES TENSIONS ON GERMANY, RED TROOPS MOVE INTO CHANNEL ISLANDS.

The problem, as seen by Senator Fulbright and George Kennan, thus becomes a matter of disengaging the British from their own possessions—the islands of Jersey, Guernsey, Alderney and Sark, but that will require another Summit conference.

Frederic Nelson is a Senior Editor of the *Saturday Evening Post*, in charge of the editorial page. He won the Freedoms Foundation Award, for an editorial, in 1951. His most recent contribution to HUMAN EVENTS was "Left-Wing Follies: 1958 Version," November 10, 1958.

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Article Section II

The Steelworkers Union is asking for a \$1 billion wage increase, on the theory that buying power in the US would be boosted by that amount. In this article, Roger M. Blough, Chairman of the Board for US Steel, points out that this reasoning, if carried to its logical conclusion, would result in a similar wage increase for every worker in the country—which would create a full \$52 billion in new buying power. The result of such action would be skyrocketing inflation. Mr. Blough—distinguished industrial attorney of more than 20 years standing—explains in this article the fallacies of the union's position and suggests a means of stopping the wage-price spiral.

A \$52 Billion Bundle of Inflation

By ROGER M. BLOUGH

AMERICAN INDUSTRIAL MANAGEMENT has striven in every conceivable way to increase its productive efficiency and cut down its operating costs. In its laboratories and its factories, it has devised and developed machines which have multiplied the output of its workers enormously. It has discovered and installed the techniques of mass production. It has streamlined its organization and has hammered away at methods of improvement and cost reduction programs.

Yet all the economies that management has effected so steadily in the costs that it could control have not balanced out the rising costs that lie beyond its control. And so today we see our production costs mounting on every side; we see prices rising as a result; and we see many of the products of our foreign competitors underselling ours—not only in markets abroad, but often here at home.

In short, we see the inevitable harvest of inflation!

There is a school of thought which holds that inflation is a kind of heaven-sent answer to our problems. The adherents of this school believe that if the Government will just quit worrying about the deficits which are one of the major sources of inflation, and will spend its borrowed money liberally enough, it will touch off such a spree of industrial production and employment that the resulting increase in the tax yield will balance the national budget and bury the specter of inflation forever in its grave.

But if there were any validity in that convenient argument, inflation should have been a dead duck many years ago; for—including World War II and Korea—our Federal Government has operated in the red for 23 out of the last 28 years. Our national debt is at an all time high. And our interest payments alone, on that debt, now amount to \$7.5 billion a year. That is more than the total Federal Budget was in 1938; and it amounts to \$43 apiece for every man, woman and child in our land.

Still the quaint belief persists that the way to treat this form of economic intoxication is to administer ever-increasing quantities of the intoxicant to the hapless victim; and while this may make everything look rosy, temporarily, the result is inevitably fatal. From the ancient days of Greece and Rome, inflation has brought collapse not only to nation after nation, but to whole civilizations.

Yet this year, unless we can prevent it, the probability is that we shall go orbiting off on another great bound of inflation, as unions in a dozen major industries make wage demands that exceed any conceivably possible increase in national productive efficiency.

In recent years, our Nation has witnessed a new phenomenon, which is known among economists as "cost-push inflation," and which made its appearance simultaneously with the growth of the powerful industry-wide unions that we have today.

Cost-push inflation occurs when wages, and other production costs, are pushed up more rapidly than national productive efficiency increases. This, in turn, forces prices to rise, where competition permits, and diminishes the purchasing power of the dollar accordingly. Where competition prevents the recovery of increased costs through higher prices, the producer ultimately goes out of business. There is no other alternative to this spiral of wages, costs and prices.

There are many costs which enter into the production process, but by far the most important of these is the cost of employment. If we take the entire production process from the raw materials right through to the finished products, employment costs—direct and indirect—account for 75 to 80 per cent of all costs.

SO, BEARING this all-important fact in mind, let us look for a moment at the wage picture that confronts us. Of the major wage contracts on file with the Department of Labor, 154 are coming up for negotiation this year. These contracts cover about 4.5 million workers, and among the many unions involved, one of the largest and most powerful is the Steelworkers' Union with about 1.5 million members. Its present three-year agreement with the steel-producing companies expires on June 30.

Now presumably most of these unions will come up with demands for a "package" embracing higher wages and benefits; but the Steel Union isn't talking in terms of a mere package—it's talking about a \$1 billion bundle!

In the advertisements which it has been running in the newspapers, this union has been telling us how an extra \$1 billion, in the pockets of the steelworkers, will increase the sales and the profits of the automobile industry, the moving picture houses,

the homebuilders of America and so on, *ad infinitum*. So it is going to do the whole Nation a great favor by getting that \$1 billion bundle for its members.

And that sounds just dandy, but why be so selfish about it? Why limit it to 1.5 million steelworkers? Why not do the same for all of the 65 million gainfully employed people in America, and thus raise the ante to \$52 billion? In short, why not go on a real inflationary bender while we're at it? It should be lots of fun . . . while it lasts!

Unhappily for all of us, however, you don't find a billion-dollar bundle in a five-and-ten cent store—not even in these days of inflation. And when the union, in its advertisements, speaks as it has about a billion dollars in new money, it is describing the situation more accurately and more prophetically, perhaps, than it had really intended. For that is precisely what it would be in the end—new money, fresh off the printing press and worth exactly that!

WE WILL BE TOLD that these new wage demands can be met out of increased productivity, and thus will not be inflationary. And we are told that the real cause of this cost-push inflation is found—not in rising wages—but in exorbitant industrial profits.

In the case of productivity, we must remember that it is not, by any means, the same thing as output per man hour. In any one company or industry, for example, an increase in output per man hour may be completely offset by the increased cost of machines or materials that made the higher output possible.

From 1940 through 1957, hourly employment costs in the steel industry went up an average of 7.6 per cent per year for 17 solid years. And in contrast, the reports of the Department of Labor show that output per man hour increased by only 2.6 per cent per year.

Now let's take a look at those profits.

The argument here is that rising corporate profits, rather than wages, are responsible for the ever-mounting cost of living. And the trouble with this argument is that corporate profits haven't been rising for years. In fact, only twice during the present decade have the after-tax profits of corporations as a whole been as high as they were in 1950. In all other years they were lower and Government reports show that last year they were \$5 billion less than they were in 1950.

The same Government reports also show, however, that compensation of employees, throughout the Nation, has risen by \$100 billion during these same nine years.

I should add, however, that this decline in corporate profits may have contributed, in one respect, to the inflationary effect of the wage increases; because, you see, there is only one way in which these corporate profits can be spent. They all go to pay for the use and improvement of the tools and other capital facilities necessary to production. And had the profits of all corporations risen as they should have, during this period, there is no doubt that many of the cost-reducing improvements that American industry is still waiting to make in its facilities would have been installed and would now be yielding the fruits of increased efficiency.

These are not industry's problems alone. They are the problems of all of us, of the men in the mines

and the mills, and of union members and leaders alike; for no matter what economic group we may belong to, and no matter what the conflicting interests of these groups may seem to be, we are a Nation of 175 million consumers, and each one of us has a vital stake in the task of protecting the consumer purchasing power of all of us.

If there is one banner under which we should all unite, I suppose it would read something like this: Hold that line in '59!

No single group of us can do it alone. We who represent the steel companies are going to do our full part, but in saying that, let me remind you that at the American bargaining table, in these days of industry-wide unions, the power that is concentrated on the labor side normally outweighs by a considerable margin that on the management side.

Unless the representatives of the union are fully satisfied when our present steel contracts expire, they can strike the plants and close down about 90 per cent of the steel industry. And they have done so five times in the last 13 years.

The steel companies have taken these costly strikes in an effort to help check the rising tide of wage-cost inflation; but they have never succeeded in doing so; for a strike in steel is not a weapon that is aimed at the companies alone. After it has gone on for a few weeks, many of our customers begin to run out of steel. Thus they face a shut-down of their plants and a layoff of their employees. The flow of steel needed for defense is shut off too; and so the pressure upon the companies to settle finally reaches a point where it is difficult to withstand any longer. It comes from our customers, from the public, and—frequently—from the Government itself.

So the companies alone cannot stop wage inflation. Neither can the Government, I think, under present circumstances. Conceivably it might legislate a more equal distribution of power at the bargaining table, but I cherish little hope that it will do so. Failing that, it could resort to the peace-time imposition of wage and price controls; but those have been tried in nation after nation for more than 2,000 years, and never yet have they stopped inflation. They have only stopped production and progress.

There is, I believe, one great, irresistible force in this country that can stop wage inflation at its source. That is the force of informed public opinion.

Roger M. Blough has been Chairman of the Board of the US Steel Corporation since May 3, 1955. His last contribution to HUMAN EVENTS was "Profits are the Working Man's Best Friend," December 29, 1956.

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